
POUNDMAKER CREE NATION
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2015

CAMERON ODISHAW LA COCK
CHARTERED PROFESSIONAL ACCOUNTANTS

POUNDMAKER CREE NATION

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MANAGEMENT'S REPORT

To the Council and Members of
Poundmaker Cree Nation

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is composed of elected officials. Council is responsible for overseeing management in the performance of its financial reporting responsibilities. Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with external auditors. Council is also responsible for recommending the appointment of the band's external auditors.

Cameron Odishaw La Cock, an independent firm of Chartered Professional Accountants, is appointed by council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both council and management to discuss their audit findings.



Chief



Director of Finance

October 9, 2015

INDEPENDENT AUDITORS' REPORT

Council and Members of
Poundmaker Cree Nation
Cut Knife, Saskatchewan

We have audited the accompanying consolidated financial statements of Poundmaker Cree Nation, which comprise the consolidated statement of financial position as at March 31, 2015, the consolidated statements of operations, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Poundmaker Cree Nation as at March 31, 2015, and its financial performance and cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Professional Accountants

North Battleford, Saskatchewan
October 9, 2015

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 372,618	\$ 1,780,071
Accounts receivable (Note 3)	673,453	569,962
Trust funds held by federal government (Note 4)	<u>79,492</u>	<u>318,855</u>
Total financial assets	<u>1,125,563</u>	<u>2,668,888</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 5)	1,003,500	1,595,390
Deferred revenue (Note 6)	811,632	1,794,548
Bank indebtedness (Note 7)	878,876	845,359
Long-term debt (Note 8)	<u>2,674,056</u>	<u>3,051,079</u>
Total liabilities	<u>5,368,064</u>	<u>7,286,376</u>
NET DEBT	<u>(4,242,501)</u>	<u>(4,617,488)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	26,717,229	26,115,360
Treaty land entitlement trust land	75,000	75,000
Prepaid expenses	<u>14,348</u>	<u>31,310</u>
Total non-financial assets	<u>26,806,577</u>	<u>26,221,670</u>
ACCUMULATED SURPLUS	<u>\$ 22,564,076</u>	<u>\$ 21,604,182</u>
Contingent liabilities (Note 11)		
Commitments (Note 12)		

APPROVED ON BEHALF OF POUNDMAKER CREE NATION



Chief



Councillor

See accompanying notes

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 2015

	Budget 2015 (Note 16)	2015	2014
REVENUE			
Aboriginal Affairs and Northern Development Canada - operating	\$ 5,554,684	\$ 5,784,169	\$ 5,886,583
- capital		515,000	1,744,200
Canada Mortgage and Housing Corporation	155,099	170,280	170,280
Other federal, provincial and local	79,546	40,708	97,143
Rent - land	225,000	281,193	277,629
Rent - CMHC	199,260	141,763	144,793
First Nations Trust	515,000	587,852	618,721
Ottawa Trust	970,000	281,193	615,694
Oil and gas	200,000	162,355	12,308
Community Development Corporation	100,000	162,264	182,216
Other	253,506	505,920	448,400
Deferred revenue		<u>930,253</u>	<u>960,754</u>
	<u>8,252,095</u>	<u>9,562,950</u>	<u>11,158,721</u>
EXPENDITURES			
Education	2,272,916	2,459,401	2,529,687
Social services and health	2,305,631	2,401,243	2,480,707
Administration	588,198	545,134	531,442
Community infrastructure	370,721	373,783	529,765
Housing	569,629	421,641	395,032
Own source	2,035,000	1,522,144	1,051,130
Amortization		<u>879,710</u>	<u>671,364</u>
	<u>8,142,095</u>	<u>8,603,056</u>	<u>8,189,127</u>
ANNUAL SURPLUS	110,000	959,894	2,969,594
ACCUMULATED SURPLUS beginning of year	<u>21,604,182</u>	<u>21,604,182</u>	<u>18,634,588</u>
ACCUMULATED SURPLUS end of year	<u>\$ 21,714,182</u>	<u>\$ 22,564,076</u>	<u>\$ 21,604,182</u>

See accompanying notes

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
ANNUAL SURPLUS	\$ 959,894	\$ 2,969,594
Acquisition of tangible capital assets	(1,481,579)	(2,783,180)
Amortization of tangible capital assets	879,710	671,364
Proceeds on disposals of tangible capital assets		121,084
Prepaid expenses	<u>16,962</u>	<u>(9,348)</u>
INCREASE IN NET DEBT	374,987	969,514
NET DEBT at beginning of year	<u>(4,617,488)</u>	<u>(5,587,002)</u>
NET DEBT at end of year	<u>\$ (4,242,501)</u>	<u>\$ (4,617,488)</u>

See accompanying notes

POUNDMAKER CREE NATION

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2015

	<u>2015</u>	<u>2014</u>
CASH PROVIDED BY OPERATING ACTIVITIES		
Annual surplus	\$ 959,894	\$ 2,969,594
Items not requiring cash		
Amortization of tangible capital assets	879,710	671,364
Net change in non-cash working capital balances related to operations		
Increase in receivables	(103,491)	(359,380)
Decrease in inventories		35,000
Decrease (increase) in prepaid expenses	16,962	(9,348)
(Increase) decrease in trust funds held by federal government	239,363	(26,118)
Increase (decrease) in accounts payable	(591,890)	8,543
Decrease in deferred revenue	<u>(982,916)</u>	<u>(978,410)</u>
	<u>417,632</u>	<u>2,311,245</u>
CASH USED BY CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,481,579)	(2,783,180)
Proceeds on disposals of tangible capital assets	<u> </u>	<u>121,084</u>
	<u>(1,481,579)</u>	<u>(2,662,096)</u>
CASH USED BY FINANCING ACTIVITIES		
Payment of long term debt	(577,023)	(995,332)
Issue of long term debt	200,000	
Increase in bank indebtedness	<u>33,517</u>	<u>80,597</u>
	<u>(343,506)</u>	<u>(914,735)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(1,407,453)	(1,265,586)
CASH AND CASH EQUIVALENTS		
at beginning of year	<u>1,780,071</u>	<u>3,045,657</u>
CASH AND CASH EQUIVALENTS		
at end of year (Note 2)	\$ <u><u>372,618</u></u>	\$ <u><u>1,780,071</u></u>
Interest paid during the year	\$ <u><u>132,937</u></u>	\$ <u><u>177,473</u></u>

See accompanying notes

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

(b) Reporting Entity

The Poundmaker Cree Nation reporting entity includes the Poundmaker Cree Nation and all related entities that are controlled by the First Nation.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Poundmaker Cree Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Poundmaker Cree Nation.

Organizations consolidated in Poundmaker Cree Nation's financial statements include:

- Caring for Our Own/E Nak Tamasoyak Awasisak Daycare Inc.
- Poundmaker Oil Ltd.
- Poundmaker Royalty Corporation
- Poundmaker Treaty Land Entitlement Trust

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(e) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Tangible Capital Assets (continued)

Amortization is provided for on a straight line basis over their estimated useful lives as follows:

Commercial buildings	25 years
Homes	25 years
Roads	40 years
Infrastructure	50 years
Furniture and fixtures	10 years
Vehicles and machinery	10 years
Computer equipment	5 years
Land improvements	30 years

(f) Revenue and Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(g) Measurement Uncertainty

In preparing the consolidated financial statements for Poundmaker Cree Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets and the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

2. CASH AND CASH EQUIVALENTS

	<u>2015</u>	<u>2014</u>
(a) CMHC Replacement Reserve	\$ 88	\$ 65
(b) Capital Projects Funded by AANDC	<u>326,843</u>	<u>1,752,444</u>
Restricted cash	326,931	1,752,509
Unrestricted cash	<u>45,687</u>	<u>27,562</u>
Total cash and cash equivalents	<u>\$ 372,618</u>	<u>\$ 1,780,071</u>

(a) CMHC Replacement Reserve

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Poundmaker Cree Nation must set aside funds annually for the repair, maintenance and replacement of assets.

(b) Capital Projects Funded by AANDC

Poundmaker Cree Nation receives funding for various major capital projects. The use of these funds is restricted to these projects.

3. ACCOUNTS RECEIVABLE

	<u>2015</u>	<u>2014</u>
Due from members		
Loans and advances	\$ 563,641	\$ 560,544
Less allowance for doubtful accounts	<u>(563,641)</u>	<u>(533,171)</u>
	NIL	27,373
Due from others		
Aboriginal Affairs and Northern Development Canada	57,632	152,202
Canada Mortgage and Housing Corporation	23,627	11,804
Ottawa Trust	210,000	190,000
First Nations Trust	134,311	
Other	<u>247,883</u>	<u>188,583</u>
Balance at end of year	<u>\$ 673,453</u>	<u>\$ 569,962</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	<u>2015</u>	<u>2014</u>
Capital fund		
Balance at beginning of year	\$ 310,953	\$ 282,914
Additions	329,217	505,928
Withdrawals	<u>(580,627)</u>	<u>(477,889)</u>
Balance at end of year	<u>59,543</u>	<u>310,953</u>
Revenue fund		
Balance at beginning of year	7,902	9,822
Additions	82,047	100,180
Withdrawals	<u>(70,000)</u>	<u>(102,100)</u>
Balance at end of year	<u>19,949</u>	<u>7,902</u>
Total trust funds	<u>\$ 79,492</u>	<u>\$ 318,855</u>

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2015</u>	<u>2014</u>
AANDC - Ottawa Trust - gravel sales	\$ 81,984	\$ 89,704
AANDC - social assistance	38,820	
Accounts trade	809,267	847,459
Accrued interest	12,471	15,736
Accrued wages and benefits	60,958	59,271
Contractor holdbacks	<u> </u>	<u>583,220</u>
	<u>\$ 1,003,500</u>	<u>\$ 1,595,390</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

6. DEFERRED REVENUE

	<u>Balance</u> <u>March 31, 2014</u>	<u>Funding</u> <u>Received</u> <u>2015</u>	<u>Revenue</u> <u>Recognized</u> <u>2015</u>	<u>Balance</u> <u>March 31, 2015</u>
AANDC				
Capital projects	\$ 1,375,967	\$ 515,000	\$ 1,475,132	\$ 415,835
Housing - BBC repairs		296,970	290,543	6,427
Admin - Prof. development		29,870	21,740	8,130
Capital trust		281,193	243,462	37,731
CDC	34,107	162,264	196,371	NIL
Land leases	<u>384,474</u>	<u>240,228</u>	<u>281,193</u>	<u>343,509</u>
	<u>\$ 1,794,548</u>	<u>\$ 1,525,525</u>	<u>\$ 2,508,441</u>	<u>\$ 811,632</u>

Deferred land leases include prepaid lease revenue that will be recognized as revenue in the next five years as follows:

2016	\$ 73,384	2019	\$ 42,264
2017	42,264	2020	42,264
2018	42,264		

7. BANK INDEBTEDNESS

Poundmaker Cree Nation's authorized lines of credit with various financial institutions total \$575,000. Interest on the authorized lines of credit range from 4.05% to 5%. Unauthorized interest rates are at 21%. The lines of credit are secured by an assignment of funding. The security agreements relating to lines of credit and bank loans are reviewed annually.

	<u>2015</u>	<u>2014</u>
Bank indebtedness	<u>\$ 878,876</u>	<u>\$ 845,359</u>

8. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
(a) Innovation Credit Union - Gaming	\$ 481,357	\$ 755,830
(b) Innovation Credit Union - Police Housing		12,912
(c) Innovation Credit Union - Other		48,900
(d) Turtleford Credit Union - Consolidation	269,452	177,308
(e) CMHC mortgage #1	201,366	216,807
(f) CMHC mortgage #2	374,721	401,594
(g) CMHC mortgage #3	184,671	195,998
(h) CMHC mortgage #4	209,669	220,666
(i) CMHC mortgage #5	857,447	911,234
(j) Peace Hills Trust mortgage	<u>95,373</u>	<u>109,830</u>
	<u>\$ 2,674,056</u>	<u>\$ 3,051,079</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

8. LONG TERM DEBT (continued)

Innovation Credit Union

(a) Innovation Credit Union - Gaming

The loan is payable in quarterly installments of \$91,500 including interest at 6%, secured by an assignment of gaming funding.

Turtleford Credit Union

(d) Turtleford Credit Union - Consolidation

The loan is repayable in quarterly installments of \$30,000 including interest at 8.75%, secured by a promissory note plus a General Security Agreement.

Mortgages - CMHC Section 95

(e) CMHC Mortgage #1

Mortgage #1 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$1,748 including interest at 2.65% and is guaranteed by Aboriginal Affairs and Northern Development Canada (AANDC); due April 2026.

(f) CMHC Mortgage #2

Mortgage #2 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$2,792 including interest at 1.71% and is guaranteed by AANDC; due August 2027.

(g) CMHC Mortgage #3

Mortgage #3 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$1,247 including interest at 1.92% and is guaranteed by AANDC; due April 2029.

(h) CMHC Mortgage #4

Mortgage #4 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$1,410 including interest at 2.76% and is guaranteed by AANDC; due May 2030.

(i) CMHC Mortgage #5

Mortgage #5 is secured by a mortgage on buildings. The loan is repayable in monthly installments of \$6,210, including interest at 2.35% and is guaranteed by AANDC; due August 2028.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

8. LONG TERM DEBT (continued)

Mortgages - CMHC Section 10

(j) Peace Hills Trust Mortgage

The mortgage is repayable in monthly installments of \$1,748, including interest at 2.65% from CMHC Section 10 rental revenues, secured by an assignment of subsequent years' funding from rental revenues and a Ministerial Loan Guarantee against the First Nation's band based capital funds received yearly from Aboriginal Affairs and Northern Development Canada.

(k) The total principal repayment due on long term debt in each of the next five years is as follows:

2016	\$ 604,694	2019	\$ 154,015
2017	358,209	2020	159,891
2018	148,355		

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

9. TANGIBLE CAPITAL ASSETS

	Land and land improvements	Buildings	Vehicles and equipment	Computer equipment	CMHC housing	Infrastructure roads	Infrastructure other	Assets under construction	2015	2014
Cost										
Opening	\$ 6,779,785	\$ 12,946,444	\$ 681,437	\$ 94,703	\$ 4,499,233	\$ 1,192,673	\$ 2,965,886	\$ 9,728,602	\$ 38,888,763	\$ 36,248,034
Additions		275,825				622,160	583,594		1,481,579	2,783,180
Disposals/transfers	<u>316,698</u>	<u>541,479</u>				<u>430,133</u>	<u>8,440,292</u>	<u>(9,728,602)</u>	<u>NIL</u>	<u>(142,451)</u>
Ending	<u>7,096,483</u>	<u>13,763,748</u>	<u>681,437</u>	<u>94,703</u>	<u>4,499,233</u>	<u>2,244,966</u>	<u>11,989,772</u>	<u>NIL</u>	<u>40,370,342</u>	<u>38,888,763</u>
Accumulated Amortization										
Opening	86,846	9,058,863	479,490	85,234	1,602,244	914,390	546,336		12,773,403	12,123,406
Disposals										(21,367)
Expense	<u>15,657</u>	<u>359,992</u>	<u>38,290</u>	<u>9,469</u>	<u>179,969</u>	<u>56,141</u>	<u>220,192</u>		<u>879,710</u>	<u>671,364</u>
Ending	<u>102,503</u>	<u>9,418,855</u>	<u>517,780</u>	<u>94,703</u>	<u>1,782,213</u>	<u>970,531</u>	<u>766,528</u>		<u>13,653,113</u>	<u>12,773,403</u>
Net Book Value	<u>\$ 6,993,980</u>	<u>\$ 4,344,893</u>	<u>\$ 163,657</u>	<u>\$ NIL</u>	<u>\$ 2,717,020</u>	<u>\$ 1,274,435</u>	<u>\$ 11,223,244</u>	<u>\$ NIL</u>	<u>\$ 26,717,229</u>	<u>\$ 26,115,360</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

10.EMPLOYEE BENEFIT OBLIGATIONS

(a) Vacation and Overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

(b) Pension Plan

Poundmaker Cree Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5% of their salary. Poundmaker Cree Nation contributes 5% which is directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Poundmaker Cree Nation contributed \$61,237 (2014 - \$61,237) during the year for retirement benefits. Poundmaker Cree Nation does not have any other obligations with regards to the pension plan as at March 31, 2015.

11.CONTINGENT LIABILITIES

As of October 2015 the following claims are outstanding:

A claim was made against Poundmaker Cree Nation for damages in a non-specified amount. Damages are being claimed for: wrongful dismissal, loss of benefits, severance, wages, income, vacation pay, loss of contribution to pension plan and damages for mental distress. Poundmaker Cree Nation will be filing a Statement of Defence of this claim, stating that the dismissal was not wrongful.

At this time, the results of this litigation are not determinable.

12.COMMITMENTS

Poundmaker Cree Nation constructed a water reservoir and an incomplete building on its Battleford land. Funds were taken from the capital project manager's account and were to be reimbursed by the First Nation. Because the capital project manager's accounts are consolidated with the First Nation's accounts, this funding shortfall does not show as a liability in the consolidated financial statements. However, in order to complete other capital projects managed by the capital project manager, the First Nation will have to transfer \$100,691 (2014 - \$218,440) to the capital project manager's account.

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

13. COMPARATIVE FIGURES

Certain comparative figures may have been reclassified to conform with the current period's financial statement presentation.

14. EXPENSES BY OBJECT

	<u>2015</u>	<u>2014</u>
Salaries and wages	\$ 2,130,956	\$ 2,207,662
Employee benefits	169,589	171,038
Professional fees	259,315	282,897
Social assistance	1,857,899	1,956,250
Band member assistance	622,229	390,321
Contracts	626,270	790,712
Interest and bank charges	137,706	169,812
Meetings and travel	301,474	184,711
Amortization	879,710	671,364
Administration	64,719	74,367
Bad Debts	23,769	(86,499)
Assistance Reinvestment	42,185	50,548
CMHC	154,551	161,099
Cultural and Recreation	220,116	216,112
Insurance	29,680	41,746
Rent	77,984	71,559
Repairs and Maintenance	425,700	291,260
Supplies	194,997	166,900
Telephone and Utilities	147,424	155,889
Workshops and Training	176,095	175,510
Vehicle Expense	<u>60,688</u>	<u>45,869</u>
Total expenses	<u>\$ 8,603,056</u>	<u>\$ 8,189,127</u>

15. GOVERNMENT TRANSFERS

	<u>Operating</u>	<u>2015 Capital</u>	<u>Total</u>	<u>Operating</u>	<u>2014 Capital</u>	<u>Total</u>
Federal transfers:						
Aboriginal Affairs	\$ 5,784,169	\$ 515,000	\$ 6,299,169	\$ 5,886,583	\$ 1,744,200	\$ 7,630,783
CMHC	170,280		170,280	170,280		170,280
Health Canada/BATC	85,482		85,482	85,482		85,482
RCMP Housing	<u>19,708</u>		<u>19,708</u>	<u>21,500</u>		<u>21,500</u>
Total federal	6,059,639	515,000	6,574,639	6,163,845	1,744,200	7,908,045
Provincial transfers:						
	<u>21,000</u>		<u>21,000</u>	<u>40,643</u>		<u>40,643</u>
Total transfers	<u>\$ 6,080,639</u>	<u>\$ 515,000</u>	<u>\$ 6,595,639</u>	<u>\$ 6,204,488</u>	<u>\$ 1,744,200</u>	<u>\$ 7,948,688</u>

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

16. BUDGET FIGURES

Budget figures are reported for information purposes only and are not included in the scope of the external audit. The figures are based on the revised November 30, 2012 Management Action Plan.

17. RELATED PARTY TRANSACTIONS

During the year, contractor payments were made to businesses owned/operated by chief and council amounting to \$264,335 (2014 - \$278,232).

18. UNDERFUNDED RESERVES

The agreement with CMHC requires that amounts equal to the Replacement and Operating Reserves be deposited into separate bank accounts and that funds from these accounts are to only be withdrawn in accordance with the terms of the agreement. To date, the reserves are underfunded by \$637,853.

19. SEGMENTED INFORMATION

Poundmaker Cree Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by funds. Poundmaker Cree Nation has seven reportable segments as follows:

- Education - includes operations of educational programming; sub-segments are also presented.
- Social and health - activities include delivering social programs.
- Administration - includes band administration and governance activities.
- Infrastructure - activities for the maintenance of the First Nation's infrastructure.
- Housing - activities for the maintenance of non CMHC housing of the First Nation.
- Major capital - activities relating to capital funding and related projects.
- Owner source - includes SIGA revenues and related band expenditures.

For each segment reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies described in the Significant Accounting Policies stated in Note 1. The segment results for the year are as follows:

POUNDMAKER CREE NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2015

19. SEGMENTED INFORMATION (continued)

	2015	2014	2015	2014	2015	2014	2015	2014
	EDUCATION		SOCIAL AND HEALTH		ADMINISTRATION		INFRASTRUCTURE	
REVENUE								
AANDC	\$ 2,493,465	\$ 2,412,815	\$ 2,186,989	\$ 2,266,632	\$ 459,423	\$ 466,327	\$ 347,322	\$ 443,839
Other	<u>14,231</u>	<u>63,522</u>	<u>148,858</u>	<u>160,067</u>	<u>38,665</u>	<u>79,597</u>	<u>24,004</u>	<u>45,791</u>
	<u>2,507,696</u>	<u>2,476,337</u>	<u>2,335,847</u>	<u>2,426,699</u>	<u>498,088</u>	<u>545,924</u>	<u>371,326</u>	<u>489,630</u>
EXPENSES								
Amortization	61,358	48,000			53,100	53,100	349,999	183,204
Salaries and benefits	1,487,805	1,440,655	252,465	218,524	217,507	114,592	32,465	11,865
Other expenses	<u>971,596</u>	<u>1,089,032</u>	<u>2,148,778</u>	<u>2,262,183</u>	<u>327,627</u>	<u>416,850</u>	<u>341,318</u>	<u>517,900</u>
	<u>2,520,759</u>	<u>2,577,687</u>	<u>2,401,243</u>	<u>2,480,707</u>	<u>598,234</u>	<u>584,542</u>	<u>723,782</u>	<u>712,969</u>
DEFICIT	<u>\$ (13,063)</u>	<u>\$ (101,350)</u>	<u>\$ (65,396)</u>	<u>\$ (54,008)</u>	<u>\$ (100,146)</u>	<u>\$ (38,618)</u>	<u>\$ (352,456)</u>	<u>\$ (223,339)</u>

	HOUSING		MAJOR CAPITAL		OWN SOURCE		CONSOLIDATED TOTALS	
REVENUE								
AANDC	\$ 296,970	\$ 296,970	\$ 515,000	\$ 1,744,200			\$ 6,299,169	\$ 7,630,783
Other	<u>379,734</u>	<u>378,376</u>	<u>966,579</u>	<u>1,005,305</u>	<u>\$ 1,691,710</u>	<u>\$ 1,795,280</u>	<u>3,263,781</u>	<u>3,527,938</u>
	<u>676,704</u>	<u>675,346</u>	<u>1,481,579</u>	<u>2,749,505</u>	<u>1,691,710</u>	<u>1,795,280</u>	<u>9,562,950</u>	<u>11,158,721</u>
EXPENSES								
Amortization	415,253	387,060					879,710	671,364
Salaries and benefits	26,519	23,760			236,882	159,031	2,253,643	1,968,427
Other expenses	<u>395,122</u>	<u>371,272</u>			<u>1,285,262</u>	<u>892,099</u>	<u>5,469,703</u>	<u>5,549,336</u>
	<u>836,894</u>	<u>782,092</u>			<u>1,522,144</u>	<u>1,051,130</u>	<u>8,603,056</u>	<u>8,189,127</u>
	<u>\$ (160,190)</u>	<u>\$ (106,746)</u>	<u>\$ 1,481,579</u>	<u>\$ 2,749,505</u>	<u>\$ 169,566</u>	<u>\$ 744,150</u>	<u>\$ 959,894</u>	<u>\$ 2,969,594</u>